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# WORLD AGRICULTURAL Situation

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# THE WORLD AGRICULTURAL SITUATION

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Detailed statements of the situation in Africa and West Asia, Communist Areas, Far East and Oceania, Western Hemisphere, and Western Europe will be published in April 1971.

## SUMMARY

A preliminary review of significant developments in world agriculture indicates that Pakistan and India pushed production during 1968-70 above the long-term growth trend. Also, industrial nations are using more controls on production, and prices for commodities exported by less developed countries to the United States have increased.

World agricultural production in 1970 is forecast to be on the long-term growth trend. The index for the less developed countries should be significantly above trend, while none of the preliminary indexes for major industrial countries is above trend.

Above-trend production in Pakistan and India in the past 3 years can be attributed to the rapid adoption of high-yielding varieties of wheat, and rice to a lesser extent, sustained by complementary inputs and favorable weather. In 1970, half of the wheat area and 10 percent of the rice area in Pakistan were planted to the new varieties. For India, the shares were one-third and 15 percent, respectively. Above-trend performance is most significant for Pakistan, where the long-term growth trend has been much steeper than that of India.

The developed importing countries made some progress in agricultural supply management in 1970, but the wheat exporting countries made the major production adjustments. The combined area seeded to wheat for 1970 harvest in Canada, Argentina, Australia, and the United States was one-third below the 1967 peak and was by far the lowest of the decade. This sharp reduction resulted from production control programs, reinforced by unfavorable price prospects and drought at planting time in Argentina and Australia. Canada, with the largest wheat stocks of the four countries, made the most drastic adjustment. Canada's seeded wheat area, which ranged from 25 to 30 million acres during 1960-69, was cut to 12.5 million in 1970. These adjustments, coupled with stronger world demand for wheat, will lower stocks significantly next year. Wheat shipments from the United States, Canada, and Australia will increase in fiscal 1970/71,<sup>1</sup> but exports from Argentina and France will be down. The USSR has the capability to maintain or increase net exports of wheat.

World demand for feed grains is strong. The supply picture is clouded by uncertainty concerning the final estimate of the U.S. corn crop and the potential feed grain harvest in the Southern Hemisphere. Current price

<sup>1</sup> Unless stated otherwise, split years mean July-June, tons are metric, dollars are U.S., and exports are in terms of volume, not value.

relationships among the grains suggest that feeding of wheat will increase in both exporting and importing countries.

Expansion of livestock and poultry production in the EC and Japan suggests a continued strong demand for oilseeds. Based on early indications, U.S. exports of soybeans in 1970/71 (September-August) may approximate the exceptionally large volume of last year. However, reliable estimates of oil-bearing materials held by competing countries are not yet available.

Cotton supplies are down in Latin America but the

USSR has recovered its export potential. Even allowing for an increase in domestic utilization, the Soviet Union will have enough cotton to offset Latin American shortages.

Judging by the U.S. market, prices of several commodities sold by less developed countries have increased in recent years. U.S. import unit values for cocoa and sugar have risen in the past 3 fiscal years, rubber and beef prices have advanced for the second successive year, and the price of imported coffee rose sharply in 1969/70.

## AGRICULTURE ABOVE TREND IN LESS DEVELOPED COUNTRIES

Although world agricultural production in 1970 is forecast to remain close to the long-term trend, output in the less developed countries is expected to be significantly above trend.<sup>2</sup>

During 1968-70, indexes for Pakistan, India, and Indonesia were far above their respective trends and this may indicate the beginnings of new upward tendencies, although the effects of weather cannot be discounted. This upswing is most significant in Pakistan, where performance is being measured against a long-term trend that is well above the world average. The trends for India and Indonesia are well below the world average, however, and recent data for Indonesia are very incomplete. Pakistan's success appears to be linked to the excellent environment (adequate irrigation, abundant sunshine, and fewer insects) for the new grain varieties, particularly wheat, in West Pakistan; production in East Pakistan has stagnated.

Production in Turkey, with a growth trend similar to Pakistan's, was far below trend in 1969 and 1970. Because of limited irrigation the new wheat varieties have been introduced on less than 15 percent of Turkey's wheat area and, in the past two years, unfavorable weather reduced yields of traditional wheat varieties.

Mexico pioneered the adoption of the wheat varieties now being introduced widely in Asia and

by the mid-sixties improved wheat was being used on almost all of Mexico's wheat area. The Mexican index reflects the impact of this development, expanded irrigation, and the introduction of other advanced techniques; agricultural performance shows the steepest growth trend of any of the major countries. Unfavorable weather affected the 1969 corn crop and the 1969 and 1970 cotton harvests, and the Mexican index was far below trend in both years.

For the remaining major agricultural countries of Latin America, output was above trend in Argentina and below trend in Brazil during 1969 and 1970. The achievement in Argentina is not very significant, however, because that country has the lowest growth trend of any of the major countries. Brazil, on the other hand, has a very high growth trend. Frost damage to the coffee crop dampened the Brazilian index in the past two years; a bumper grain crop was harvested in 1970.

None of the preliminary 1970 indexes for major industrial countries is above trend. Production was close to trend in the United States, the USSR, the EC, and Australia. Soviet production recovered in 1970. Output has leveled off in the past two years in the United States, the EC, and Australia.

The index for Japan has leveled off for the past three years and, in 1970, was significantly below trend. Production has been below trend for three years in the United Kingdom and for two years in Poland. In 1970, it was far below trend for these two countries and for Canada.

Aside from the effects of weather, recent performance in the industrial countries was conditioned by production controls on wheat in Canada, Australia, and the United States, and a programed reduction for rice in Japan.

Among the industrial countries, the long-term agricultural growth trend has been steepest in Australia and by far the most gradual in the United States. Trends for the EC and Japan are close to the world average, but those of the United Kingdom, the USSR, Poland, and Canada are significantly above the average.

<sup>2</sup>Complete 1970 world indexes will not be available until December 1, 1970. This forecast is based on preliminary indexes for the 15 major agricultural countries shown in table 1. For 1962-69, there is a very close correlation between the world index and the index for the 15 countries and also between the industrial-country index and the index for the 8 industrial countries. There is a fair correlation between the less-developed-country index and the index for the 7 less developed countries—the latter is consistently lower than the former, but both follow the same slope and have similar annual changes in direction. Aggregate trend lines were calculated—using 1954-68 data—for these 15 countries, 8 major industrial countries, and 7 major less developed countries. Individual trends also were calculated for each of the 15 countries.



Table 1.--Indexes of agricultural production, 1962-70

(1957-59 = 100)									
Area or country <u>1/</u>	: 1962	: 1963	: 1964	: 1965	: 1966	: 1967	: 1968	: 1969 <u>2/</u>	: 1970 <u>3/</u>
15 major countries	: 111	113	118	118	124	127	132	131	136
8 industrial countries	: 111	112	118	118	126	128	133	130	134
7 less developed countries	: 111	117	117	119	118	127	131	135	141
United States	: 108	112	112	115	114	118	120	121	121
USSR	: 109	103	122	116	137	135	143	134	147
European Community	: 114	116	116	118	118	129	133	132	132
India	: 110	117	119	109	107	120	128	134	140
Brazil	: 114	119	109	141	126	135	135	135	142
Poland	: 107	117	121	122	128	133	138	131	132
Australia	: 119	124	131	121	140	128	152	148	147
Argentina	: 104	116	114	104	111	119	111	120	122
Canada	: 116	127	117	128	145	125	134	142	134
Pakistan	: 112	124	122	127	123	138	146	158	165
Japan	: 113	112	116	117	120	130	131	131	129
United Kingdom	: 122	121	127	132	131	137	135	135	138
Mexico	: 117	124	133	145	145	146	152	143	154
Turkey	: 108	116	119	117	130	135	136	132	131
Indonesia	: 110	100	108	107	116	114	123	129	130

1/ These countries account for about two-thirds of the estimated value of world agricultural production, excluding that of Communist Asia. In this respect, the countries are arranged in descending order of importance.

2/ Preliminary.

3/ Forecast.

## U.S. AGRICULTURAL TRADE

The volume and value of U.S. exports, which fell substantially in 1968/69, recovered sharply in 1969/70 (chart). The 1968/69 decline was influenced by the U.S. dock strike (December 1968-February 1969), large grain crops in importing and competing countries, and a shortage of certain grades of U.S. cotton. Increased sales of soybeans and grains made the major contribution to the 1969/70 recovery. Higher prices contributed only about 10 percent to the value increment of total exports in 1969/70 (table 2).

The value of U.S. exports of soybeans and products, which leveled off in 1968/69, accounted for about 45 percent of the total increment to U.S. agricultural exports in 1969/70. The unusual demand for beans, meal, and oil resulted from increased production of poultry and pork abroad, reduced inventories of oilseeds and products in importing countries, and smaller

supplies of oil-bearing materials in competing countries. In the soybean group, a sharp increase in the export unit value<sup>3</sup> of soybean oil compensated for the effect of slightly lower soybean prices.

Another 30 percent of the 1969/70 increment to U.S. exports was accounted for by a recovery of feed grain sales and a partial recovery of wheat exports. In particular, U.S. grain shipments to Japan—disrupted by the dock strike in 1968/69—set a record by a wide margin. Among the grains, higher corn and sorghum prices more than offset the dampening effect of very low wheat prices.

<sup>3</sup> Unit value is derived by dividing the total value of exports by the volume of exports. Unless there are significant year-to-year changes in the composition or quality of a particular commodity group, changes in unit values represent changes in prices.

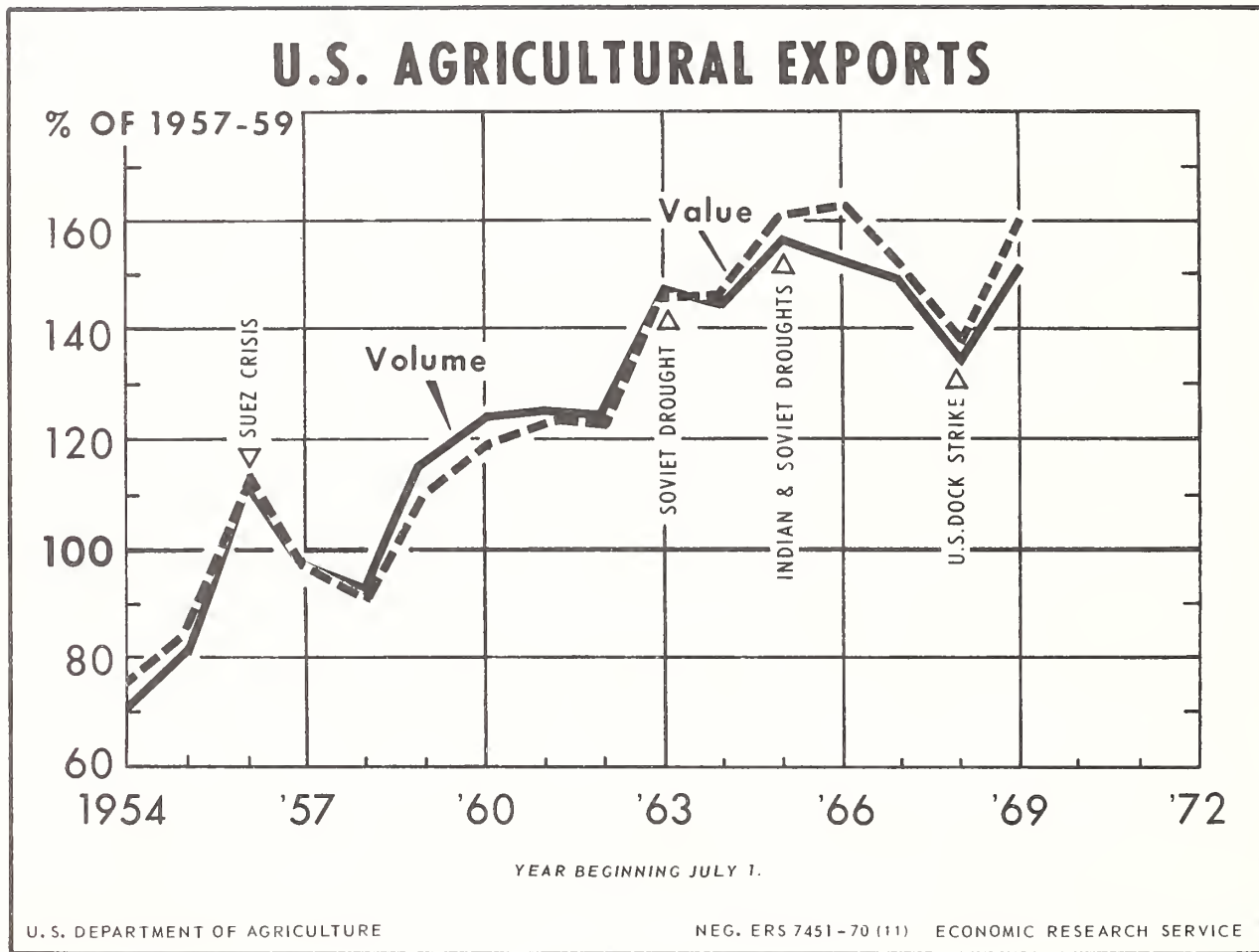




Table 2.--Increments to U.S. agricultural trade, 1969/70

Commodity	Volume <u>1/</u>	Value (current prices)	Price Effect
- - <u>Million dollars</u> - -			
Exports:			
Wheat	+103	+44	-59
Wheat flour	+7	+5	-2
Corn	+133	+202	+69
Grain sorghum	+15	+22	+7
Rice, milled	+18	+2	-16
Soybeans	+306	+284	-22
Soybean oil meal and cake	+65	+61	-4
Soybean oil	+28	+49	+21
Tallow, inedible	-11	+30	+41
Cotton	+6	+18	+12
Tobacco, flue-cured	-4	+32	+36
Total, above	+666	+749	+81
Total, all exports		+905	
Imports:			
Coffee, green	-20	+116	+136
Cocoa beans	+47	+82	+35
Sugar	+19	+46	+27
Bananas	-9	-6	+3
Beef, fresh, chilled, frozen	+65	+129	+64
Pork hams or shoulders, canned	+6	+24	+18
Rubber, crude, dry form	+10	+55	+45
Tobacco, unmanufactured	0	-3	-3
Total, above	+118	+443	+325
Total, all imports		+549	

1/ These figures were obtained by multiplying 1968/69 values by the percentage changes in volumes that occurred between 1968/69 and 1969/70.

Corn prices have continued to rise in the current fiscal year. Average Gulf Port export price for No. 2 yellow corn during July - October 1970 was 17 percent above that a year ago.

Export unit values for U.S. wheat, soybeans, and soybean meal have trended downward since 1966/67 but tobacco prices have risen since 1965/66. Unit values for other major export commodities, except wheat flour and rice, increased in 1969/70 (table 3).

The value of U.S. agricultural *imports* rose 11 percent in 1969/70, following increases of 6 percent and 5 percent in the two preceding years. About three-quarters of the value increment last year was accounted for by higher prices. The price effect was particularly striking for coffee. Had prices remained at the 1968/69 level, the value of coffee imported would have declined by \$20 million. However, the actual value of coffee imported increased by \$116 million. Among the major import

Table 3.--Unit value of major U.S. trade commodities, 1966/67 - 1969/70 1/

Commodity	Unit	Unit value				Change	
		: : : :				: to : to	
		: 1966/67 : 1967/68 : 1968/69 : 1969/70 :				: 1966/67 : 1967/68 : 1968/69 : 1969/70 :	
-- Dollars --							
-- Percent --							
Exports:							
Wheat	:Bu.	1.77	1.70	1.67	1.57	-4	-2
Wheat flour	:Cwt.	4.24	3.82	4.00	3.90	-10	5
Corn, except seed	:Bu.	1.47	1.30	1.24	1.35	-12	-5
Crain sorghum	:Bu.	1.28	1.29	1.21	1.26	1	-6
Pice, milled	:Cwt.	7.83	8.48	8.45	7.87	8	0
Soybeans	:Bu.	3.10	2.83	2.70	2.64	-9	-5
Soybean oil meal and cake	:S.Ton	88.85	84.24	83.12	82.37	-5	-1
Soybean oil	:Lb.	.14	.12	.10	.12	-14	-17
Tallow, inedible	:Cwt.	7.75	6.26	6.12	8.18	-19	-2
Cotton, upland, 1-1/8"	:R.Bale	124.39	125.21	123.39	124.19	1	-1
Cotton, upland, under 1"	:R.Bale	102.06	102.32	107.84	106.10	0	5
Tobacco, flue-cured, unstemmed	:Lb.	.83	.83	.85	.88	0	2
Tobacco, flue-cured, stemmed	:Lb.	1.15	1.14	1.17	1.24	-1	3
Average unit value 2/						-5.1	-2.3
Imports:							
Coffee, green	:Lb.	.35	.34	.34	.38	-3	0
Cocoa beans	:Lb.	.22	.25	.30	.36	14	20
Sugar, cane	:Cwt.	6.06	6.36	6.58	6.83	5	3
Bananas, fresh	:Cwt.	4.75	4.65	4.73	4.80	-2	2
Beef, fresh, chilled, frozen	:Lb.	.40	.40	.44	.49	0	10
Pork hams or shoulders, canned	:Lb.	.75	.74	.79	.86	-1	7
Rubber, crude, dry form	:Lb.	.18	.15	.18	.21	-18	20
Tobacco, cigarette, unstemmed	:Lb.	.74	.70	.67	.68	-5	-4
Average unit value 2/						-0.6	4.4

1/ These commodities account for the bulk of U.S. agricultural exports and imports.

2/ Average of commodities shown.

items, the largest increments in total value were in beef, coffee, and cocoa. For beef and cocoa, volume, and price shared about equally in the value increment (table 2).

Import unit values for cocoa and sugar have trended

upward in the past three years but tobacco prices have fallen. Unit values of rubber, beef, and pork advanced for the second consecutive year and the price of coffee, relatively stable during 1966/67-1968/69, rose sharply last year.

## FOOD GRAINS ABUNDANT; FEED GRAINS SCARCE

World grain production in 1970 is forecast to equal the high level of 1968 and 1969, despite sharp declines in U.S. corn and Canadian wheat (table 4). Record grain crops were harvested in the USSR, Mainland China, India, and Brazil. World grain stocks remained at the

high level of 1969 but there was a shift in the composition and location of these inventories. Stocks of wheat and rice are the largest of the decade but feed grain stocks have declined. During the year, EC grain stocks were reduced by about 4.5 million tons as a result

Table 4.--Grain production by major producers, 1963-70 1/

(Year beginning January 1)								
Country <u>2/</u>	: 1963	: 1964	: 1965	: 1966	: 1967	: 1968	: 1969	: 1970 <u>3/</u>
	:	:	:	:	:	:	:	:
	- - Million metric tons - -							
	:	:	:	:	:	:	:	:
United States	: 174.7	160.8	182.9	183.2	205.8	201.4	202.6	187
Mainland China <u>4/</u>	: 155	166	162	156	166	159	163	168
USSR <u>5/</u>	: 90.0	121.6	100.4	145.9	125.0	144.4	132	150
India <u>6/</u>	: 101.5	103.3	92.0	90.0	103.9	114.6	116.8	122
EC <u>7/</u>	: 57.8	60.6	61.2	59.2	69.5	71.0	71.3	67
Canada <u>8/</u>	: 34.0	28.3	32.0	38.5	29.8	34.3	36.4	29
Pakistan <u>6/</u>	: 23.9	24.0	24.4	22.3	25.7	28.4	29.4	31
Japan	: 17.8	18.5	18.3	18.3	20.3	20.3	19.2	17
Brazil	: 16.3	16.0	19.9	17.5	20.0	20.2	19.6	23.5
Argentina	: 17.0	20.5	13.6	17.0	18.5	15.7	18.3	20
Indonesia	: 14.6	16.7	15.9	17.1	17.3	18.8	19.7	20
Poland <u>9/</u>	: 15.1	14.0	16.3	15.9	16.5	18.0	18.6	16
Turkey <u>10/</u>	: 15.0	12.5	13.4	14.6	15.8	14.8	15.0	14
Australia	: 11.8	13.0	9.6	16.5	9.8	18.8	15.4	12.5
United Kingdom <u>8/</u>	: 11.4	12.8	13.7	13.4	14.6	13.1	13.6	13.5
Thailand	: 12.6	12.0	11.8	14.5	12.4	13.8	15.1	16
Romania	: 10.4	11.1	12.6	13.9	13.5	12.8	12.8	11
Yugoslavia	: 10.6	11.7	10.6	13.9	13.2	12.1	13.7	12
Mexico	: 9.1	10.4	11.3	11.8	12.4	12.9	10.5	12.5
Spain	: 9.4	8.3	8.9	9.3	10.7	11.9	11.5	10.5
Total	: 808	842	831	889	921	956	954	953

1/ Wheat, rice (rough), corn, barley, oats, sorghum and millet, and rye.

2/ These countries account for about 85 percent of world grain production.

3/ Forecast. 4/ Includes pulses, mixed grains, and buckwheat. 5/ Includes pulses and buckwheat. 6/ Includes pulses. 7/ Includes mixed grains, buckwheat, and meslin. 8/ Includes mixed grains. 9/ Includes mixed grains and buckwheat. 10/ Includes mixed grains and spelt.

of subsidized exports and subsidized livestock feeding. Canada's inventories increased by a like amount (table 5). About 1 million tons of rice (rough basis) were added to Japanese stocks.

Three features dominated world trade in grain in the past decade. The first was the influence of the Soviet Union on world wheat trade. The second was the heavy demand for wheat by India and Mainland China. And the third was the countervailing influences of the European Community and of Japan on world trade in feed grains.

During the past ten years, the average annual *change* in Soviet wheat production was 15 million tons, an

amount equal to an average Canadian crop. In one year, 1966, Soviet output increased by 38 million tons, an amount equal to the U.S. crop:

*Annual changes in Soviet wheat output*  
(million tons)

1961 ... + 6	1966 ... +38
1962 ... + 2	1967 ... - 21
1963 ... - 14	1968 ... +14
1964 ... +18	1969 ... - 16
1965 ... - 11	1970 ... +15

Table 5.--Stocks of wheat and feed grains in  
selected countries, 1961-70

Country	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
- - <u>Million metric tons</u> - -										
United States <u>1/</u> :	:	:	:	:	:	:	:	:	:	:
Wheat	: 38.4	36.0	32.5	24.5	22.2	14.6	11.6	14.7	22.3	24.0
Feed grains	: 76.8	65.5	58.4	62.9	49.7	38.2	33.7	43.8	45.4	42.6
Total	: 115.2	101.5	90.9	87.4	71.9	52.8	45.3	58.5	67.7	66.6
Canada <u>2/</u> :	:	:	:	:	:	:	:	:	:	:
Wheat	: 16.5	10.6	13.3	12.5	14.0	11.4	15.7	18.1	23.2	27.5
Feed grains	: 4.5	2.8	4.5	5.7	4.2	4.2	4.7	4.2	6.5	6.7
Total	: 21.0	13.4	17.8	18.2	18.2	15.6	20.4	22.3	29.7	34.2
EC <u>3/</u> :	:	:	:	:	:	:	:	:	:	:
Wheat	: 6.5	6.3	8.2	6.1	5.6	6.8	5.4	6.2	8.4	5.4
Feed grains	: 5.4	4.5	5.1	5.6	4.7	4.9	5.1	5.5	5.9	4.5
Total	: 11.9	10.8	13.3	11.7	10.3	11.7	10.5	11.7	14.3	9.9
Australia <u>4/</u> :	:	:	:	:	:	:	:	:	:	:
Wheat	: .8	.5	.6	.6	.7	.4	2.2	1.4	7.3	8.0
Feed grains	: .1	.2	.2	.4	.4	.4	.5	.2	.7	.5
Total	: .9	.7	.8	1.0	1.1	.8	2.7	1.6	8.0	8.5
Argentina <u>4/</u> :	:	:	:	:	:	:	:	:	:	:
Wheat	: .8	.2	.5	2.2	3.3	.4	.6	1.3	.5	1.0
Feed grains	: .5	.4	.2	.4	.3	.1	.4	.4	.3	.2
Total	: 1.3	.6	.7	2.6	3.6	.5	1.0	1.7	.8	1.2
Total wheat	: 63	54	55	46	46	34	36	42	62	66
Total feed grains	: 87	73	68	75	59	48	44	54	59	54
Total grain	: 150	127	123	121	105	82	80	96	121	120

1/ July 1 for wheat, oats, and barley. October 1 for corn and sorghum.  
2/ August 1. 3/ 1961-67, July 1. 1968-70, August 1. 4/ December 1 for wheat, oats, and barley. April 1 for corn and sorghum.

Table 6 illustrates the relative impact of the Soviet Union, India, and Mainland China on world wheat trade. In 1963, Soviet wheat production fell by 14 million tons and net imports of these three countries jumped from about 3½ million tons in 1962/63 to 18 million in 1963/64. In 1965/66, Soviet wheat output declined by 11 million tons, Indian grain production fell by a like amount, China made very large wheat purchases (mainly because of favorable world prices), and the combined imports of these countries rose to record proportions. The wild swings in Soviet wheat production would have had a greater impact on world trade if the USSR had not been drawing down stocks in the first part of the decade and rebuilding them in the latter part.

In addition to rebuilding stocks, the Soviet Union has been building up its exports since 1965 and has recovered the net export level of the early 1960's (table 7). With a crop 15 million tons larger than last year and substantial stocks, the USSR has the capability to increase this level of exports. The poor bread grain crop in Eastern Europe should guarantee expansion in Soviet wheat exports to their traditional customers in that market. In other markets, the USSR faces very large supplies of wheat in all competing countries except Argentina and France.

The area seeded to wheat in Argentina is down about one-third because of drought and an unattractive support price. It is too early to say much with confidence about yields, but even average yields would produce the smallest crop of the decade and, with only

modest stocks, Argentina's net exports would be very small.

Wheat acreage is also down sharply in Canada, Australia, and the United States because of programed cutbacks in all three countries and drought in Australia. Canadian acreage was cut 50 percent this year, following a decline of 15 percent in 1969, and production was the lowest since the severe drought year of 1961, when 7.7 million tons were harvested. Although the Australian delivery quota was reduced only 11 percent for the coming crop, dry weather at planting time reduced the area much more than planned and the harvest may be down by 25 percent (table 8). The acreage seeded to wheat in the United States was down 10 percent and production declined 7 percent. Stocks in the United States, Canada, and Australia total about 60 million tons, however, and exportable supplies are ample.

Because of attractive credit, Canada has expanded sales to Brazil, the UAR, Peru, and Syria. Canada's wheat exports to these countries and to traditional markets during July-October 1970 amounted to 5.3 million tons, more than double those in the same four months of 1969. The recent sale of 2.67 million tons to Mainland China for delivery November-October, plus other sales, should raise Canada's 1970/71 exports to the 11 million ton level, the highest since 1966/67. Australia's July-October 1970 exports were 25 percent above year-earlier levels and U.S. wheat exports during those months were one-third higher than in 1969. As of November 1, U.S. wheat sales registered for export for

Table 6.--Net Imports of wheat by the USSR, India, and Mainland China, 1960-69

Year <u>1</u> /	USSR <u>2</u> /	India	Mainland China	Total
		- - Million metric tons - -		
1960	-4.7	3.8	2.0	1.1
1961	-4.8	2.9	4.7	2.8
1962	-5.3	3.9	4.9	3.5
1963	8.5	4.3	5.1	17.9
1964	0.6	6.5	4.6	11.7
1965	6.5	7.1	6.3	19.9
1966	-1.3	6.3	5.0	10.0
1967	-3.5	6.5	4.2	7.2
1968	-4.0	3.8	3.5	3.3
1969	-5.0	3.1	5.1	3.2

1/ Year beginning July 1.

2/ Minus denotes net exports.



Table 7.--Exports of wheat and flour by major exporting countries, 1961-69 1/  
(Year beginning July 1)

Country	1961	1962	1963	1964	1965	1966	1967	1968	1969 <u>2/</u>
- - <u>Million metric tons</u> - -									
United States	19.6	17.3	23.1	19.6	23.4	20.0	20.4	14.7	16.5
Canada	9.9	9.0	15.0	11.8	14.9	14.8	8.9	8.7	9.0
Australia	6.3	4.8	7.8	6.4	5.7	7.0	7.0	5.3	7.3
France	1.8	3.0	2.7	4.6	4.8	3.0	4.2	6.0	6.1
Argentina	2.4	1.8	2.8	4.3	7.9	3.1	1.4	2.7	1.9
Total	40.0	35.9	51.4	46.7	56.7	47.9	41.9	37.4	40.8
USSR <u>3/</u>	4.8	5.3	-8.5	-0.6	-6.5	1.3	3.5	4.0	5.0
Total	44.8	41.2	42.9	46.1	50.2	49.2	45.4	41.4	45.8

1/ Wheat and wheat equivalent of flour. 2/ Preliminary. 3/ Net exports; minus denotes net imports.

Table 8.--Wheat production in major exporting countries, 1962-70

(Year beginning January 1)

Country	1962	1963	1964	1965	1966	1967	1968	1969	1970 <u>1/</u>
- - <u>Million metric tons</u> - -									
Canada	15.4	19.7	16.3	17.7	22.5	16.1	17.7	18.6	9.0
Australia	8.4	8.9	10.0	7.1	12.7	7.5	14.8	10.8	8.0
Argentina	5.7	8.9	11.3	6.1	6.2	7.3	5.7	7.0	4.5
France	14.1	10.2	13.8	14.8	11.3	14.3	15.0	14.5	12.8
USSR	54.4	40.0	57.7	46.5	85.0	64.0	78.5	62.3	77.5
Total	98.0	87.7	109.1	92.2	137.7	109.2	131.7	113.2	111.8
United States	29.7	31.2	34.9	35.8	35.7	41.4	42.9	39.7	37.0

1/ Preliminary.



delivery July 1970-June 1971 amounted to about 8.5 million tons, roughly double sales registered on November 1, 1969.

France, a major force in the wheat market during the past two years, had the smallest harvest since 1966 and, with reduced stocks, will export less in 1970/71.

Among the major importers, wheat output in Western Europe, excluding France, was about the same as in 1969. A near record crop was harvested in the United Kingdom. In Turkey, production was the lowest since 1965. Japan's wheat imports in 1970/71 are expected to be near the high level of last year. Because of flood damage, East Pakistan is scheduled to receive a substantial amount of wheat from various sources in 1970/71.

India's production of summer grains, which account for two-thirds of the harvest, increased by about 3 million tons. At this point, it looks as though India's wheat imports will decline in 1970/71 but much depends on the remaining harvest, which will not be completed until May. Mainland China's grain crop is expected to exceed the 1969 level but that is no guarantee that wheat imports will be down proportionately. China has already contracted for about 3.5 million tons for 1970/71 delivery. There has not been a close correlation between the size of China's crop and its wheat imports. World wheat prices and opportunities to market Chinese rice abroad have also

been key considerations in China's decisions to import wheat.

U.S. rice exports, following a steady rise since 1961, leveled off in 1968/69 and increased only slightly in 1969/70. Commercial sales did not increase last year. Larger shipments of U.S. rice to South Vietnam and Indonesia were almost offset by a decline in exports to South Korea. Thailand's exports also increased slightly in 1969/70, with larger sales to Senegal and Indonesia and smaller shipments to India. Rice exports by Mainland China were down but those by Burma and the UAR increased. Japan, traditionally an importer, became a significant net exporter last year.

Bumper crops during 1967-69, coupled with a decline in consumption, raised Japan's rice stocks to almost 8 million tons (rough basis) on November 1, 1970, despite large concessional sales last year. Concessional sales will be heavier in the current year--on the order of about 700,000 tons milled--and, with the 1970 crop down 1.5 million tons (rough basis) and the use of rice as feed, Japan may have some success in reducing burdensome stocks. The decline in rice production resulted from a programed 10 percent reduction in acreage.

Among the major rice exporters, production in 1970 declined in the United States for the second successive year, recovered in Mainland China, and leveled off in Thailand, Burma, and Brazil (table 9).

Table 9.--Rice production (rough) by major producers, 1964-70

(Year beginning August 1)							
Country	1964	1965	1966	1967	1968	1969	1970 1/
- - Million metric tons - -							
Mainland China	85.0	87.0	82.2	86.4	82.0	82.3	85
India	58.6	46.5	45.7	59.3	59.7	61.6	63
Pakistan	17.8	17.7	16.4	19.0	20.1	21.3	21
Japan	15.7	15.5	15.9	18.1	18.1	17.5	16
Indonesia	15.0	15.3	14.1	14.3	16.6	16.3	17
Thailand	9.6	9.2	13.5	11.2	12.4	13.4	13.5
Burma	8.2	8.1	6.6	7.7	8.0	8.0	8
Brazil	7.0	6.6	6.1	7.0	6.9	7.5	7.5
Philippines	4.0	4.1	4.1	4.4	4.4	5.0	5
United States	3.3	3.5	3.9	4.1	4.8	4.1	3.8
South Vietnam	5.2	4.8	4.3	4.7	4.4	5.1	5.0
South Korea	5.4	4.8	5.3	4.9	4.4	5.6	6
Total	235	223	218	241	242	248	251

1/ Forecast.

Feed grain shipments by the major exporters, which grew from 20 million tons in 1960 to 38 million in 1965, have stagnated in the past four years (table 10). The decline in EC net imports since 1965 has offset the sharp rise in Japanese imports. The decline in EC imports is the result of increased production in the Community coupled with the substitution of wheat and non-grain feeds in the EC mixed feed industry. In 1969/70, U.S. and Argentine feed grains suffered the greatest loss in the declining EC market. Grain supplies

Japan's feed grain imports have almost doubled since 1965. The increase in 1969/70 alone was about 1.5 million tons, with the United States and Argentina gaining at the expense of South Africa. Japan will continue as a strong market for feed grains in 1970/71 because of the growing demand for livestock products and the limited capacity to produce feed in Japan. The Japanese are beginning to feed small quantities of surplus rice, however, and imports of non-grain feedstuffs are increasing.

The UK barley crop is the smallest since 1964, and hay is in short supply. The wheat harvest is a near-record, however, and more domestic wheat probably will be fed. Furthermore, the quality of the British barley crop is poor, meaning that more of the crop may be fed and less used in malting.

The northern countries of Eastern Europe (East Germany, Poland, and Czechoslovakia) will import more feed grains in 1970/71. Part of this requirement may be met from the good harvest in the USSR, but there should be opportunities for other countries to expand sales of feed grains to this northern region.

U.S. feed grain supplies for 1970/71 are 15 million tons below the 1969/70 level. Total feed grain stocks held by our major *competitors* are down about 2 million tons, but their combined production rose 12 million

Table 10.--Exports of feed grains by major exporting countries, 1961-69 1/

[illegible]

1/ Barley, oats, corn, and sorghum

2/ Preliminary.

tons in 1970, the first increase since 1967 (table 11). Most of this increase occurred in Latin America. Because of the large 1970 crops of corn and sorghum and only a modest increase in exports during 1969/70, Argentina will continue to provide keen competition in the current year. For 1971 harvest, Argentina increased corn and sorghum acreages 7 percent and 5 percent respectively. Brazil had a bumper corn crop in 1970 and Mexico's crop was substantially larger than the poor 1969 harvest.

Production of barley was up 10 percent in Canada, and supply is at a near-record level despite a recovery in exports and an increase in domestic use during 1969/70. Forward sales indicate that Canadian barley exports may reach a new high in 1970/71.

Although France has a smaller supply of barley available for export, an excellent corn crop was harvested and total output of French feed grains should be close to the 1967-69 level.

Drought in South Africa has boosted domestic use of feed grains and the government stopped export sales of corn in September 1970. In Australia, recent rains have improved soil moisture conditions for late grains, and sorghum plantings will be expanded on land normally seeded to wheat. A record corn crop was harvested in Thailand. Thailand's July-September corn shipments were 20 percent higher than in 1969; sales to Taiwan have been particularly heavy.

Table 11.--Feed grain production in major exporting countries, 1962-70 1/

(Year beginning January 1)

Country	1962	1963	1964	1965	1966	1967	1968	1969	1970 <u>2/</u>
- - Million metric tons - -									
Argentina	7.4	7.2	8.2	6.9	10.1	10.7	9.3	10.7	14.4
France	10.5	14.1	11.2	13.4	14.7	17.0	17.2	17.5	16.9
South Africa	5.9	6.5	4.7	5.1	5.5	10.7	5.7	5.3	7.0
Canada	12.0	12.7	10.5	12.6	14.0	12.0	14.7	15.8	17.4
Thailand	.7	.9	1.0	1.1	1.3	1.2	1.5	1.7	2.0
Australia	2.6	2.7	2.8	2.4	3.7	2.0	3.9	4.7	5.0
Mexico	5.9	7.3	8.3	8.9	9.8	9.9	10.2	8.1	10.0
Brazil	9.6	10.5	9.5	12.1	11.4	12.9	12.9	11.5	14.2
Total	54.6	61.9	56.2	62.5	70.5	76.4	75.4	75.0	86.9
United States	129.6	139.5	121.7	142.8	143.0	159.7	153.2	158.1	145.7

1/ Barley, oats, corn, and sorghum. 2/ Preliminary.

## OILSEED DEMAND STRONG BUT COMPETITORS' SUPPLIES UNCERTAIN

U.S. soybean exports increased in 1969/70 (September-August) for the ninth successive year. Sales jumped 50 percent over 1968/69, compared to an average annual increase of 5 percent in the previous three years. There were record shipments to all major markets but the largest volume increases were in sales to the EC and Japan (table 12). Exports of U.S. soybean meal (October-September) were up 30 percent, with

major gains in sales to the EC and Eastern Europe.

The U.S. soybean crop is about equal to that of 1969 but, with smaller stocks, the supply was down about 5 percent on September 1, 1970.

The usual seasonal pattern for U.S. soybean exports is for the smallest shipments to occur in the July-September quarter and the largest in October-December. In 1970, however, the momentum

Table 12.--U.S. exports of soybeans, 1965-69

(Year beginning September 1)					
Destination	1965	1966	1967	1968	1969 <u>1/</u>
- - <u>Million bushels</u> - -					
Netherlands <u>2/</u>	38.5	37.5	39.4	50.3	80
West Germany	33.2	32.9	32.4	33.5	43
Italy	17.1	20.2	15.0	17.9	26
Other EC	10.3	11.1	9.5	11.1	24
Total EC	99.1	101.7	96.3	112.8	173
Japan	65.3	62.5	75.5	74.9	110
Spain	20.1	29.7	30.8	35.2	41
Canada <u>3/</u>	15.3	14.7	13.3	10.0	19
Denmark	13.8	14.9	15.5	11.9	19
Taiwan	5.9	11.3	11.0	16.6	21
Israel	8.7	9.4	10.7	7.7	11
United Kingdom	9.2	4.6	4.0	7.2	11
Others	13.2	12.8	9.5	10.5	25
Total	250.6	261.6	266.6	286.8	430

1/ Preliminary. 2/ Exports to the Netherlands include large transshipments to other countries, primarily other EC countries. It is estimated that in 1968/69, the Netherlands transshipped about 24 million bushels to other EC countries and 3 million to non-EC countries. 3/ Exports to Canada are net of transshipments to other countries.

generated by the world shortage of other oil-bearing materials held U.S. soybean exports to an unusually high level during July-September:

Month	1965	1966	1967	1968	1969	1970
<i>Million bushels</i>						
July .....	17	12	17	17	18	25
August .....	12	11	16	18	12	29
September .....	5	6	10	14	13	30
Total .....	34	29	43	49	43	84
October .....	32	29	30	33	52	--
November .....	39	41	40	<sup>1</sup> 50	54	--
December .....	31	30	27	<sup>1</sup> 39	40	--
Total .....	102	100	97	112	146	--

<sup>1</sup> November-December 1968 shipments were inflated because of heavy foreign purchases in anticipation of the U.S. dock strike which began on December 20.

foreign feed manufacturers,<sup>4</sup> and by uncertainty concerning the extent of damage to the U.S. corn crop. At this early stage, it appears that 1970/71 (September-August) exports of U.S. soybeans will approximate those of last year. Demand for oilseeds is strong but, except for rapeseed, the supply situation among our competitors is uncertain.

Canadian rapeseed production in 1969 was 30 percent higher than in any previous year and, in 1970, production was more than double the 1969 record:

<i>-Million bushels-</i>		<i>-Million bushels-</i>	
1963 .....	8.4	1967 .....	24.7
1964 .....	13.2	1968 .....	19.4
1965 .....	22.6	1969 .....	33.4
1966 .....	25.8	1970 .....	71.6

This momentum was reinforced by the narrowing of the spread between soybean oil meal and feed grain costs to

<sup>4</sup> This spread was already artificially narrow in the European Community because of the high levy on EC feed grain imports.



Canada's rapeseed exports, which ranged from 12 to 14 million bushels during 1965/66-1968/69, jumped to 22 million last year and the export goal for 1970/71 (August-July) is 35 to 40 million bushels.

Record rapeseed crops were harvested in France and West Germany, and Eastern Europe's production increased over the low level of last year.

Mainland China apparently has a better soybean crop than last year. Brazil, with a 25 percent increase in the area planted for early 1971 harvest, should have more beans for export provided the weather is favorable and domestic demand increases less rapidly than in 1970.

Sunflowerseed production recovered in the USSR and Argentina but declined in Eastern Europe. For 1971 harvest, Argentina increased sunflower acreage 13 percent. Soviet government procurements of domestic sunflowerseed are expected to be up from the depressed level of 1969:

—Million tons—

1963 . . . . . 3.03  
1964 . . . . . 3.93  
1965 . . . . . 3.89  
1966 . . . . . 4.66

—Million tons—

1967 . . . . . 4.87  
1968 . . . . . 4.90  
1969 . . . . . 4.28

Whether increased procurements of sunflowerseed will trigger a recovery in exports of Soviet oil and seed

depends, of course, on decisions concerning domestic consumption and stock adjustments, but there are indications of a stepup in export commitments. Furthermore, production of milk and cotton is at a record level in the USSR, and 1970/71 supplies of butter and cottonseed oil for domestic consumption should be abundant.

In Nigeria, the largest exporter of peanuts, commercial production is forecast to decline by about one-fifth. The harvest in Senegal, the second ranking exporter, is the lowest since 1955 and exports of peanuts and oil will again be reduced. India, with a record peanut crop, will have more cake for export.

It is too early to predict exportable supplies of fish meal—the fishing season began only a few months ago—but stocks have been building up in the major exporting countries.

On the demand side, EC oilseed requirements are up because of larger numbers of hogs and poultry and smaller supplies of feed grains. In Japan, oilseed production is down 8 percent, consumption of edible fats and oils is projected to increase 7 percent in 1970/71, and the livestock and poultry industries are expanding. In May 1970, Japan reduced import duties on soybeans and rapeseed and, by May 1971, imports of Canadian rapeseed no longer will be limited by quota. In 1969/70, Japan took the bulk of Canada's rapeseed exports.

## SOVIET COTTON RECOVERY OFFSETS LATIN AMERICAN SHORTFALL

World demand for cotton continued to be weak last year and U.S. cotton exports in 1969/70 (August-July) remained at the low level of the previous season. Large increases in U.S. exports to Indonesia, India, Japan, Canada, and Romania were offset by large declines in exports to Hong Kong, the EC, Taiwan, Poland, and Yugoslavia (table 13). Although U.S. exports to Japan increased, our share of this large market again declined. In recent years, Brazil has made the greatest gains in the Japanese cotton market. The U.S. share of Canada's imports increased, primarily because of lower supplies of Mexican and Soviet cotton. Romania is a new market for U.S. cotton. The United States did not export any cotton to Yugoslavia in 1969/70 because Yugoslavia's sharply reduced needs were met under bilateral agreements with other countries.

World cotton production in 1970/71 is forecast to be near the level of the previous two years, with a record crop in the USSR, a significant volume increase in the United States, a significant decline in Brazil, and smaller

declines in Mexico, the UAR, and Iran (table 14).

In the Soviet Union, both acreage and yield remained unchanged during 1966-68. In 1969, a rise in the government purchase price stimulated a 5-percent increase in the planted area. However, because of a late spring and delayed harvest, the yield was the lowest since 1964. This year, acreage remained at the high level of 1969, the crop matured early, and there was an extended harvesting season before the fall rains set in.

Last season, exportable supplies of cotton were down in the USSR, Mexico, and Central America, placing the UAR, the East African Community, Sudan, and Brazil in advantageous positions (table 15). This season, Latin American supplies are down but the Soviet Union has recovered its export potential. The Soviet crop is a record by a wide margin and, allowing for an increase in domestic utilization, the USSR will have about 2.5 million bales available for export, more than enough to offset shortages in Latin America.

Table 13.--U.S. cotton exports, 1965-69

(Year beginning August 1)					
Destination	1965	1966	1967	1968	1969
-- <u>Thousand running bales</u> --					
Italy	102	263	253	62	46
France	108	163	148	88	30
West Germany	92	159	100	31	26
Other EC	81	83	81	49	38
Total EC	383	668	582	230	140
Japan	705	1,293	1,103	536	623
South Korea	301	372	351	447	455
India	63	289	342	174	261
Indonesia	0	161	70	105	242
Taiwan	178	373	378	259	193
Canada	269	297	142	108	181
Philippines	93	134	154	119	146
South Vietnam	73	66	24	62	99
Hong Kong	94	183	299	194	61
Thailand	55	70	90	66	54
Poland	42	78	77	106	51
Romania	0	0	0	0	46
United Kingdom	131	153	125	48	38
Sweden	59	71	75	51	37
Yugoslavia	169	139	67	54	0
Others	327	322	327	172	141
Total	2,942	4,669	4,206	2,731	2,768

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Table 14.--Cotton production by major producers, 1963-70

(Year beginning August 1)								
Country <u>1/</u>	1963	1964	1965	1966	1967	1968	1969	1970 <u>2/</u>
- - Million bales <u>3/</u> - -								
United States	15.33	15.18	14.97	9.58	7.46	10.95	10.02	10.60
USSR	8.16	8.28	8.87	9.37	9.35	9.31	8.92	10.50
Mainland China	4.70	6.00	6.60	6.50	7.00	6.80	6.80	6.90
India	5.20	4.90	4.60	4.60	5.30	4.90	5.10	5.20
Brazil	2.30	2.10	2.50	2.05	2.75	3.30	3.10	2.80
Pakistan	1.94	1.75	1.92	2.10	2.39	2.43	2.48	2.60
Mexico	2.11	2.40	2.63	2.25	2.00	2.45	1.75	1.60
UAR	2.03	2.32	2.39	2.09	2.01	2.01	2.35	2.20
Turkey	1.15	1.50	1.50	1.75	1.80	2.00	1.84	1.80
Central America	1.11	1.32	1.23	1.06	1.02	1.00	.79	.75
Sudan	.45	.70	.75	.89	.90	1.05	.95	.95
Syria	.70	.81	.83	.65	.58	.70	.68	.70
East African Community	.54	.63	.70	.74	.62	.60	.73	.80
Iran	.53	.53	.65	.52	.53	.69	.71	.55
Colombia	.34	.30	.30	.40	.46	.64	.59	.60
Peru	.63	.65	.52	.48	.46	.42	.39	.40
Total	47.2	49.4	51.0	45.0	44.6	49.2	47.2	49.0

1/ These countries account for about 95 percent of world cotton production.

2/ Preliminary. 3/ Bales of 480 pounds net.

Table 15.--Cotton exports by country of origin, 1963-69

(Year beginning August 1)								
Country <u>1/</u>	1963	1964	1965	1966	1967	1968	1969	<u>2/</u>
- - Million bales <u>3/</u> - -								
United States	5.78	4.20	3.04	4.83	4.36	2.82	2.90	
USSR	1.70	2.00	2.30	2.40	2.50	2.20	1.90	
Mexico	1.43	1.62	2.13	1.39	1.24	1.63	1.35	
UAR	1.37	1.56	1.58	1.43	1.17	1.09	1.40	
Brazil	1.02	1.04	.94	1.01	.84	1.77	1.90	
Turkey	.59	.77	.92	1.05	1.04	.95	1.15	
CACM <u>4/</u>	.98	1.11	1.12	.85	.82	.95	.70	
Pakistan	.69	.49	.49	.56	.89	.57	.45	
Sudan	.72	.47	.57	.68	.79	.85	1.00	
Syria	.61	.73	.71	.58	.49	.55	.60	
East African Community	.52	.60	.61	.72	.55	.46	.65	
Peru	.51	.47	.52	.38	.28	.38	.35	
Total	15.92	15.06	14.93	15.88	14.97	14.22	14.35	

1/ These countries account for about 85 percent of world cotton exports.

2/ Preliminary. 3/ Bales of 480 pounds net. 4/ Central American Common Market.

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